

Message Text

LIMITED OFFICIAL USE

PAGE 01 TEGUCI 04176 062207Z

63

ACTION ARA-20

INFO OCT-01 ISO-00 INT-08 EB-11 SCEM-02 SPC-03 AID-20

NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01

CEA-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07

OPIC-12 LAB-06 SIL-01 L-03 H-03 PA-04 PRS-01 USIA-15

AGR-20 DODE-00 DRC-01 /194 W
----- 049124

R 062145Z NOV 73

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 5619

INFO AMEMBASSY GUATEMALA

LIMITED OFFICIAL USE TEGUCIGALPA 4176

EO 11652: NA

TAGS: ENRG, HO

SUBJECT: PETROLEUM - TEXACO REDUCES REFINERY THROUGHPUT

REF: TEGUCIGALPA 4035 AND 4062

1. TEXACO ADVISED VICE MINISTER OF ECONOMY, VICENTE DIAZ, THAT REFINERY RACK SALES WILL BE TO CUSTOMERS AT VOLUMES PURCHASED IN NOV 1972. TEXACO HAS THUS PLACED IN EFFECT REDUCTION PREVIOUSLY NOTIFIED MINECON (SEE REFTELS).

2. TEXACO'S MCDONALD LEFT DOOR OPEN TO GOH THAT IT WOULD RESUME NORMAL SALES UPON RECEIPT OF SOMETHING CONCRETE FROM GOH IN THE WAY OF PRICE ADJUSTMENT MECHANISM. MCDONALD, NONETHELESS, TOLD VICE MINISTER THAT TEXACO HAD TAKEN ACTION IN ORDER TO FORCE A SUITABLE RESPONSE FROM THE GOH.

3. MCDONALD LEFT NOV 5 MEETING WITHOUT ANY FEELING

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TEGUCI 04176 062207Z

OF WHEN OR WHAT GOH RESPONSE WOULD BE.

4. PRESS ON WEEKEND CITED DISRUPTION BEING CAUSED BOTH BY REFINERY RACK SALES AND BY ECONOMY ADJUSTMENTS BEING IMPOSED UPON FUEL TRANSPORT COMPANIES BY THE FUEL DISTRIBUTORS. VICE MINISTER OF ECONOMY RECEIVED DELEGATION OF FUEL TRANSPORTERS COMPLAINING ABOUT EVOLVING SITUATION.

5. COMMENT: EMBASSY HAS NOT INTERFERED WITH NEGOTIATIONS ON THIS SUBJECT. HAD TEXACO CONSULTED US PRIOR TO THIS SESSION, WE MIGHT HAVE ADVISED THEM AT THIS STAGE TO UNDERPLAY POINT THAT THEIR PRESSURE AIMED AT PRICE INCREASES, BUT WE HAVE NO STRONG FEELINGS ON THIS. TEXACO FIRST MADE THIS CONNECTION COMPLETELY EXPLICIT IN THREAT TO INTERRUPT DELIVERIES BEGINNING IN AUGUST, AND HAS SINCE CONSISTENTLY MAINTAINED IT. TEXACO ALSO PRESENTED SPECIFIC PRICE CHANGES FOR ITS SEVEN PRIMARY OUTPUTS. ALTHOUGH THESE WERE BASED UPON 10/1 PRICES AND REPRESENTED AT \$2.40 PER BARREL ANNUAL INCREASE, NEITHER TEXACO NOR ANYONE ELSE IS IN A POSITION TO ESTIMATE CRUDE PRICE MOVEMENTS IN COMING MONTHS. TEXACO MADE CLEAR THE CITED PRICE INCREASES WOULD NOT HOLD IN THE FUTURE BUT EMBASSY IS CONCERNED THAT GOVERNMENT OR ANTI-INDUSTRY SOURCES MAY LATCH ON TO THE FIGURES AS DEMANDS WHICH, IF MET, WOULD "SOLVE" THE PETROLEUM PRICE AND SUPPLY SITUATION. TEXACO DID ORALLY PRESENT GENERAL FORMULA FOR PRICE SETTING WHICH INCLUDES A RETURN ON PERCENTAGE ORIGINAL INVESTMENT PLUS AVERAGE INVENTORY AND WOULD UTILIZE CIF CRUDE PRICES. HOWEVER, WE DO NOT ANTICIPATE THE GOH WILL FIND THIS APPROACH ACCEPTABLE.

6. ACTION REQUESTED: EMBASSY BELIEVES THAT CIRCUMSTANCES MIGHT PRESENT THEMSELVES WHEN WE COULD USEFULLY AND INFORMALLY PROVIDE INFORMATION TO GOH CONCERNING PRODUCT AND CRUDE PRICE MOVEMENTS IN RECENT MONTHS, IF THIS INFORMATION COULD BE SUPPLIED BY THE DEPARTMENT. SANCHEZ

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, SUPPLIES, PETROLEUM PRODUCTION, PRICE TRENDS, PETROLEUM REFINING
Control Number: n/a
Copy: SINGLE
Draft Date: 06 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TEGUCI04176
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: TEGUCIGALPA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731151/aaaabljq.tel
Line Count: 98
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: TEGUCIGALPA 4035 AND 4062
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 23 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23-Jan-2002 by martinml>; APPROVED <12 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PETROLEUM - TEXACO REDUCES REFINERY THROUGHPUT
TAGS: ENRG, HO, TEXACO OIL CO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005